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**FISCAL IMPACT STATEMENT**

**LS 6050**

**BILL NUMBER:** HB 1519

**NOTE PREPARED:** Feb 18, 2003

**BILL AMENDED:** Feb 18, 2003

**SUBJECT:** Wagering Tax Revenue Sharing Limitations.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) The bill eliminates use restrictions on the revenue sharing part of Wagering Taxes distributed to local governments. The bill provides that 10% of the revenue sharing be spent for tourism. The bill also corrects a reference to the County Auditor. (The introduced version of this bill was prepared by the County Government Study Commission.)

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) The bill does not affect the amount of revenue sharing funds that local units will receive from the Riverboat Wagering Tax. However, the bill: (1) eliminates current law provisions that restrict the activities and projects on which local units can spend the revenue sharing money; and (2) requires a local unit to use 10% of the revenue sharing money to promote tourism.

Under the bill, revenue sharing money could be used: (1) to reduce the property tax levy of the city, town, or county for a particular year; (2) for deposit in a special fund or allocation fund to provide funding for additional property tax replacement credits in TIFs or for debt repayment; (3) to fund sewer and water projects, including storm water management projects; (4) for police and fire pensions without limiting the percentage of such money that can be used for this purpose; or (5) to carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. In addition, the bill requires that 10% of the revenue sharing money received by a city, town, or county be used to promote

tourism in the jurisdiction. The bill stipulates that expenditures under (5) above do not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county. In addition, a non-code section of the bill stipulates that revenue sharing money received by a local unit before, on, or after the effective date of the bill may be used after the effective date for any of the above-described purposes.

*Background:* Current law requires \$33 M from the Riverboat Wagering Tax to be earmarked each fiscal year for the local revenue sharing program. This \$33 M annual total must be distributed on a per capita basis to counties not containing riverboat casinos, and to cities and towns in those counties. Under current law, the revenue sharing money received by local units is restricted to the following uses: (1) to reduce the property tax levy of the city, town, or county for a particular year; (2) for deposit in a special fund or allocation fund to provide funding for additional property tax replacement credits in TIFs; (3) to fund sewer and water projects, including storm water management projects; and (4) for police and fire pensions (up to an amount equal to 20% of the total revenue sharing money received by the local unit).

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Counties without riverboat casinos, and cities and towns located in those counties

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869